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Beware "The Check is in the Mail." Cox Announces Multistate Settlement With Directory Billing Over Check Solicitation Mailings *Businesses May be Eligible for an Additional Refund*

LANSING – Michigan Attorney General Mike Cox announced today an agreement with Directory Billing (doing business as USDirectory.com) that will permanently halt the mailing of "live" activation checks that, if cashed, act as a purchase agreement for a preferred business listing on Directory Billing's on-line yellow pages directory. The agreement is the result of an investigation by Michigan and 25 other states.

"Today's settlement serves as another reminder that everyone should be skeptical and closely scrutinize unexpected or unfamiliar checks received in the mail to avoid accidentally signing up for an unwanted program, product, or service," Cox said.

"Businesses and organizations may be particularly susceptible since they frequently receive checks for payment as a regular part of their business activity. It is important to carefully review all phone bills and statements to promptly catch and dispute any suspicious or unauthorized charges," Cox added.

The checks in question, for small amounts such as \$3.50, were mailed to businesses and other organizations. On the back, in fine print above the endorsement line, was language stating that by depositing the check, the recipient agreed to purchase advertising from Directory Billing.

The fine print also provided that by depositing the check, the recipient authorized Directory Billing to bill monthly charges through the business's telephone bill, by automatically debiting the amount from the bank account into which the check was deposited, or by other methods. The states' investigation revealed that some check recipients deposited Directory Billing's checks without realizing that, by doing so, they were making a purchase. Check

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recipients sometimes remained unaware they were being billed for months following the initial deposit.

Under the settlement, Directory Billing has agreed not to use activation checks to obligate businesses to purchase its products and services. Directory Billing has also agreed to pay \$400,000 collectively to the states. Directory Billing further agreed to contact its current activation check customers to inform them of their right to cancel their account and potential eligibility for at least a partial refund of monies paid.

Current Directory Billing customers who are being billed for a listing through their telephone bill or bank account and became a customer by depositing an activation check should be contacted by a Directory Billing letter within the next two weeks.

Complete terms of the settlement agreement ("Assurance of Discontinuance") are available on the Attorney General's website; <http://www.michigan.gov/ag>.

Any Michigan business or entity that deposited an activation check from Directory Billing since January 24, 2004, without understanding the consequences of depositing the check, and paid Directory Billing for an on-line yellow page listing through its telephone bills or automatic bank withdrawal, may be eligible for an additional refund and should file a complaint with the Attorney General's Consumer Protection Division **no later than April 28, 2008**.

Complaints may be filed on-line at <http://www.michigan.gov/ag> or by writing to the Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909.